

# COMMUNITY DEVELOPMENT BLOCK GRANT- ECONOMIC DEVELOPMENT (CDBG-ED)

## Program Explanation

Assists businesses to create or retain jobs that benefit low and moderate-income (LMI) persons by making fixed-rate financing available to the businesses at reasonable interest rates and flexible loan terms and by providing planning dollars and public improvements in support of economic development activities.

***The eligible business must work with their local government to apply for CDBG-ED funds on their behalf.*** The financing is meant to complement conventional business financing and other state and federal business financing programs particularly where funding gaps exist and alternative sources of funds are not adequate.

## Type of Assistance

- ★ Loans to Businesses
- ★ Grants or Loans for Business Infrastructure Projects
- ★ Grants for Customized Employee Training
- ★ Planning Grants



## Eligible Applicant

- ★ Local Governments (towns, cities, and counties)
- ★ Excluded areas:
  - Billings, Great Falls, Missoula, which receive their own annual CDBG entitlement funds
  - Indian tribes as there is a separate Indian CDBG Program

## How to Apply

- ★ Applications are accepted on a continuous basis while funding is available for each program year. Program staff and a loan review committee assess the project application and make a recommendation to the Commerce Director, who makes the final decision. It takes at least two or more months after funds are awarded before a business actually receives the funds
- ★ Application and Guidelines are found at [www.cdbged.mt.gov](http://www.cdbged.mt.gov)

## Use of Proceeds

- ★ Loans for acquisition, construction, installation, or rehabilitation of commercial and industrial buildings, facilities, equipment purchases, or working capital
- ★ Infrastructure such as water, sewer, streets, or sidewalks in support of businesses

## Community Development Block Grant- Economic Development (CDBG-ED) (cont.)

- ★ Grants for training by developing transferable skills in emerging industries like information and advanced technology, health services, value-added agriculture and communications. Qualified educational or nonprofit training entity that provides job training targeted to developing specific employee skills needed by an aggregate of companies may receive funding
- ★ Planning Grants for the preparation of plans, studies, analyses, or research related to economic development. Activities may include feasibility studies, preliminary engineering or architectural reports, or downtown business development studies

### Limits

- ★ Maximum amount available to each community is \$400,000
- ★ Maximum amount available to consolidated governments is \$800,000
  - Up to 8% of total funding is allowed for local government administrative expenses
- ★ Other Funding Limits:
  - Maximum of \$25,000 CDBG-ED funds per job
  - Maximum of \$5,000 CDBG-ED funds per employee for employee training
  - Minimum of 51% jobs to benefit LMI persons
  - Minimum of 1:1 matching funds
- ★ Local governments may apply for up to \$25,000 for a planning grant activity

### Application Timeline

Open Cycle on a first come, first served basis, provided it is a complete application

### Loan Terms

Generally the interest rate is **2.0%**. Security positions are negotiated. Loan terms will be set based on uses of funds and cash flow projections. Limited payment deferrals are possible depending on cash flow needs

### Funding Source

U.S. Housing and Urban Development (HUD)

### Program Contact

**Debra Demarais, Section Manager**

[ddemarais@mt.gov](mailto:ddemarais@mt.gov) ★ (406) 841-2736 ★ [www.cdbged.mt.gov](http://www.cdbged.mt.gov)

## INVESTMENT SUCCESS

### *Pioneer Medical Clinic*

**Award: \$624,000** (for expansion of services)

★ **Retained 86 full-time employees**

